From: zandera@comcast.net [mailto:zandera@comcast.net]
Sent: Tuesday, November 15, 2005 12:31 PM
To: realestateworkshop@usdoj.gov;ftcdojworkshop@realtors.org;;
Subject: Competition in Real Estate

Dear Sirs:
Regarding the project #V050015, I am writing to state that the real estate business is extremely competitve. There is trouble in "Paradise" but not due to a lack of competition and consumer rebates and discounts.

1) Eliminate the quick, non-competitive sale as there must be legislation or rules laid down that properties listed in a real estate brokerage and/or Multiple Listing Services require a fermentaion period so as to reach all available buyers in the marketplace; and thereby does reach a better level of competition and probably a higher price than when a property is sold "in-house" by the listing agency within the 4 day period for submission of listings to the M LS service or without the coorperating broker that is outside of the listing agency;

2) Eliminate the conflict of interest created by "in-house" bonuses on listings that sell "in-house" as this promotes unfair competition between agencies;

3) Require three appraisals from outside agencies for any transation where the listing agency is purchasing a property from a client or potential customer, and supply the seller.

4) Require the reporting to the state of all purchases of real estate made by real estate licensees for possible future evaluation and investigation, if deemed necessary by the Dept of State. Recntly, in the Upper Perkiomen Valley area of MOntgomery County, Pennsylvania it was brought to my attention that Jeffrey Brode of Brode & Brookes, Pennsburg, PA., purchased a property privately on refer from an attirney in-town and spent $500,000 for a house and 20 acres. Mr. Brooks then sold the house to one of his agents for $400,000 and retained at a ridiculously low cost a large tract of land which just happened to have public sewer very nearby according to Thomas McCabe of RE/MAX 440 Realty, Inc., of Pennsburg, PA.

My career began in 1974 when cooperation between agencies was minimal. "In-house" sales were the norm and the sellers of real estate were not getting a full market exposure. Appointments by other agencies were not getting set, and competiting offers from other agencies were being "shopped " to the buyers from the listing office. Subsequently, as happens now on quick in-house sales, the seller was not getting full market exposure and competing bids. Usually, this translates into less dollars for the seller. Some of this still occurs today, though there are solutions for this which would be good to regulate. You do not need to regulate competition; rather, it is the (sometimes) lack of ethics that could be regulated - at least as pertains to the handling of property listings which I am certain in my beliefs that thiscosts sellers millions of dollars each year.

Over the decades, the Multiple Listing Service (MLS) has become a widely accepted means to market your property best. The listing agencies opened up to cooperation with outside agencies and sales associates. In the 1980's, in the North Penn MLS was one agency that offered a leader advertisement that stated "We will sell your home for $1,995", but the listing contract was so stringent that the mere non-acceptance of a showing appointment for any reason whatsoever, would raise the commission to (guess what) six percent... which, in those days, was considerably more that the original $1,995. This agency quickly became the most litigated-against company in Pennsylvania.

There were tricks played with the MLS rules to buy time for in-house sales, such as submitting an incomplete listing to have it kicked back from the MLS for completion. In the mean time, the listing office is showing the property. It took two weeks then for the listing to appear in the printed MLS book. If an agency could delay a listing at all, the listing office would have 30 days of in-house marketing... again, not to the advantage of the seller. The sign wouldn't go up for alittle while, advertisements would not run for a couple weeks, but the listinbg agency was showing the property to the buyers that their associates had in-hand. This still happens to a degree, though not as blatantly as so long ago.

The real estate market of today is technology driven, and both buyers and sellers are being offered rebates for buying and/or discounted listing commissions. My favorite commission plan in offering a 4.5% listing fee while paying out 2.5% to the selling office and taking only 2% for me. If I sell the property myself, the commission is only 2.5%. All offers are presented and all qualifications reviewed with the seller. The most qualified offer wins, and no coaching of my buyer, if I have one over a competiting offer. The idea being that I can take my customer elsewhere, or lose them because the got mad over not getting the property. So what. Move on. I have had buyers make bad offers and lose on my own listing to an outside agencies bid. Much to my chagrin, a recent decision in my current agency prohibits the advertising of the discounted commission rate other than to say "Save Thousands of Dollars"; which, needless to say, is not as effective as advertisements and mailing w!
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Whenever I take a listing now, there is a 7-10 day holding period to allow it to reach the MLS and the Internet, the outside agencies' associates, their buyers, and give everyone in the marketplace an opportunity to get the information, and drive by the property. If the property is at a Fair Market Value based upon current market data for similar homes, the property usually sells in the first ten or so showings.

The consumer deserves unwaivable additional protection from obvious potential conflicts-of-interest with the listing agency.

Yours truly,

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